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RUEHAD/AMEMBASSY ABU DHABI PRIORITY 0235  
RUEHAK/AMEMBASSY ANKARA PRIORITY 3330  
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1146  
RUEHKL/AMEMBASSY KUALA LUMPUR PRIORITY 0045  
RUEHUL/AMEMBASSY SEOUL PRIORITY 0018  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1015  
RUEHIT/AMCONSUL ISTANBUL PRIORITY 1584  
RHMFISS/CDR USCENTCOM MACDILL AFB FL PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

C O N F I D E N T I A L ASHGABAT 000169

SIPDIS

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STATE FOR SCA/CEN, EEB  
STATE PLEASE PASS TO USTDA DAN STEIN  
ENERGY FOR EKIMOFF/THOMPSON  
COMMERCE FOR HUEPER

E.O. 12958: DECL: 02/04/2018

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SUBJECT: TURKMENISTAN: MIDLAND OIL SEEKS HYDROCARBON DEAL

Classified By: CHARGE RICHARD E. HOAGLAND FOR REASONS 1.4 (B), (D)

11. (C) The Chairman of the Board and President of the U.S.-based Midland Oil and Gas Company Robert Murphy visited Ashgabat January 29-February 2 with a delegation of consortium members to see whether he could work out a hydrocarbon deal. Murphy met on January 30 with President Berdimuhamedov, whose trip to the New York Stock Exchange he had arranged during the president's September 2007 visit to New York. (COMMENT: Midland chose to work exclusively through the South Korean Embassy, rather than through the U.S. Embassy, for the meeting. Korean-Americans dominate Murphy's consortium. Charge learned of the Midland delegation's visit during a casual conversation with the South Korean ambassador on January 28. END COMMENT.) Murphy's delegation included Midland's Chief Executive Officer Mehmet Arif Yukler, the president of the Rainier Group (an investment and consulting firm) Soung Eun Hong, and two senior vice presidents of the Ko-Turkmen Caspian Sea Oil and Gas Corporation, Young Chang and public relations specialist Mirso Lekic -- all of whom Murphy introduced as U.S. citizens. (NOTE: Turkmenistan's state-owned media identified the president of the Wayne, New Jersey-based Rainier Group as the director of the South Korean "Nara" bank. END NOTE.)

12. (C) Murphy told the Charge February 1 this had been his first time to meet President Berdimuhamedov. He found the president "dynamic" and "like a breath of fresh air." But it was not Murphy's first visit to Ashgabat. He had visited in 2006 and thought he was close to a deal with former President Niyazov, but then Midland had to "regroup" when Niyazov died in December 2006. Murphey was also in Ashgabat in July 2007, when he met with Cabinet Deputy Chairman for Oil and Gas Tachberdi Tagiyev, Cabinet Deputy Chairman/Foreign Minister Rashit Meredov, and Executive Director of the State Agency

for Management and Use of Hydrocarbon Resources Byrammurat Muradov. Murphey said he was in Ashgabat this time hoping to negotiate a concession to work an off-shore Caspian block and an on-shore block in western Turkmenistan. (NOTE: Although Murphey expressed interest in working both oil and gas, he was unwilling to specify which blocks his firm was bidding on. He said vaguely Midland's greater interest was probably oil. END NOTE.) Claiming that "they know our intentions," Murphy said he had excellent meetings with hydrocarbon sector officials, and hoped to depart the country with a signed memorandum of understanding, with a view toward registering the company and establishing an office in Ashgabat by late spring. He and his consortium members also discussed building pipelines and an oil refinery with President Berdimuhamedov, though he said these projects would have a longer timeline.

13. (C) COMMENT: Midland Oil is just one of a number of small and medium-sized hydrocarbon firms now seeking to do business in Turkmenistan. Turkmenistan's current hydrocarbon authorities are not experts with long international experience and have stressed both their concern that they will be taken advantage of and their wish for long-term partnerships. It is natural that officials would gravitate toward smaller firms, believing that they have the expertise that Turkmenistan needs yet are easier to control than the "majors." Yet in considering a relationship with another small hydrocarbon firm, Turkmenistan may be putting off what it really needs -- a reliable "major" partner well-placed to help the country become a genuinely world-class provider. END COMMENT.  
HOAGLAND